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finleyhf:*192340Z AUG,SECDEFW,P,S,*,DISCUSSION BETWEEN SECDEF AND PLA DCGS XU H

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FM SECDEF WASHINGTON DC//USDP:ISA//

TO RUEHBJ/USDAO BEIJING CH

INFO RUEHBJ/AMEMBASSY BEIJING

RUEHC/SECSTATE WASHINGTON DC//EAP/PM//

RUEKJCS/JCS WASHINGTON DC//J-5//

RUHQHQB/USCINCPAC HONOLULU HI

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SECTION 01 OF 02

SUBJECT: DISCUSSION BETWEEN SECDEF AND PLA DCGS XU HUIZI (U)

1. SECRETARY OF DEFENSE WILLIAM PERRY HELD A FORTY-MINUTE MEETING WITH PLA DEPUTY CHIEF OF GENERAL STAFF GENERAL XU HUIZI PRIOR TO HOSTING A WORKING LUNCH FOR GENERAL XU. AT THE MEETING WERE ACTING UNDER SECRETARY OF DEFENSE FOR POLICY WALT SLOCOMBE, ASSISTANT SECRETARY CHAS. FREEMAN, JCS REP MG MCILVOY, BG KERN, DATT BG BYRNES, AND EDEN WOON. CJCS AND UNDER SECRETARY OF STATE LYNN DAVIS PARTICIPATED IN THE LUNCH. GENERAL XU AND HIS DELEGATION WERE JOINED BY PRC DCM YANG JIECHI AND DATT MG CHEN KAIZENG. IN BETWEEN THE MEETING AND THE LUNCH, SECDEF HAD A 10-MINUTE PRIVATE CONVERSATION WITH
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GENERAL XU SPECIFICALLY ON THE M-11 ISSUE.

2. AFTER FORMALLY WELCOMING GENERAL XU TO THE UNITED STATES, SECDEF BEGAN THE MEETING BY NOTING THAT THE VISIT OF GENERAL XU IS VERY SIGNIFICANT. SECDEF SAID THAT HE HAS HAD A LONG ASSOCIATION WITH CHINA, EVER SINCE HE LED A DOD DELEGATION TO CHINA IN 1980 TO BEGIN DISCUSSIONS ON MILITARY TECHNOLOGY COOPERATION. HE NOTED THAT THE RELATIONSHIP, SUSPENDED AFTER TIANANMEN, HAS NOW BEEN REVIVED, AND THAT IS IN THE INTEREST OF BOTH COUNTRIES.

3. SECDEF TOLD XU THAT ONE OF HIS OBJECTIVES AS SECRETARY OF DEFENSE IS TO IMPROVE THIS MUTUALLY BENEFICIAL RELATIONSHIP WITH THE PLA, AND HE IS HEARTENED BY THE PROGRESS SINCE THE IMPORTANT VISIT BY ASD FREEMAN TO BEIJING LAST NOVEMBER TO RE-OPEN HIGH LEVEL DEFENSE DIALOGUE. SECDEF TOLD XU THAT HE SAW THREE OBJECTIVES FOR THE XU VISIT:

--PROGRESS CAN BE MADE NOW ON SOME ISSUES SO THAT SECDEF CAN MAKE MAXIMUM USE OF HIS TIME IN BEIJING;

--XU CAN HAVE AN OPPORTUNITY TO MEET ALL THE SENIOR U.S. MILITARY OFFICIALS; AND

--THERE IS GREAT SYMBOLIC SIGNIFICANCE TO THIS VISIT BECAUSE OF
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XU'S POSITION IN THE PLA.

AT THIS POINT, GENERAL XU EXPRESSED HIS DEEP GRATITUDE FOR THE RECEPTION THUS FAR FOR HIM AND HIS PARTY. HE WAS ESPECIALLY APPRECIATIVE OF SECDEF COMING TO THE PENTAGON ENTRANCE TO GREET GENERAL XU IN THE RAIN WHEN HE ARRIVED EARLIER IN THE MORNING. HE THANKED SECDEF FOR THE EXCELLENT ARRANGEMENTS, AND HE CONVEYED PERSONAL REGARDS TO DR. PERRY FROM MINISTER OF NATIONAL DEFENSE

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CHI HAOTIAN, CENTRAL MILITARY COMMISSION VICE-CHAIRMAN LIU HUAQING AND COSTIND MINISTER DING HENGGAO. HE THEN HANDED TO SECDEF A FORMAL INVITATION TO VISIT CHINA FROM MINISTER CHI.

4. (S) DR. PERRY SAID THAT HE IS LOOKING FORWARD TO COMING TO CHINA IN OCTOBER (NOTE: CHINESE LATER CONFIRMED THAT THE DATES OF OCTOBER 16-19 ARE ACCEPTABLE) AND RENEWING HIS FRIENDSHIP WITH LIU HUAQING, WHO WAS HIS HOST IN 1980, AND WITH DING HENGGAO, WITH WHOM HE WILL CONVEENE THE U.S.-CHINA DEFENSE CONVERSION COMMISSION. SECDEF SAID THAT THE TWO OBJECTIVES OF HIS VISIT WOULD BE TO EXCHANGE VIEWS WITH THE PLA AND GOVERNMENT SENIOR LEADERSHIP AND TO CONVEENE THE DEFENSE CONVERSION COMMISSION.

5. (S) GENERAL XU AGAIN COMMENTED ON HOW MUCH THE PLA LOOKS FORWARD TO SECDEF'S VISIT. THIS IS BECAUSE THE CHINESE GREATLY

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RESPECT SECRETARY PERRY, NOT ONLY FOR HIS UNDERSTANDING OF CHINA BUT ALSO FOR THE TECHNOLOGY INNOVATIONS SUCH AS STEALTH AND PRECISIIN GUIDED MUNITIONS TECHNOLOGY WHICH HE PROMOTED IN THE 1970S. THESE DEFINITELY PROVED THEIR WORTH IN DESERT STORM, SAID XU. HE THEN BRIEFED SECDEF ON HIS DISCUSSIONS IW THE MORNING WITH AUSDP SLOCOMBE AND ASD FREEMAN. HE SAID THAT THERE WAS A VERY FRANK AND FRIENDLY EXCHANGE OF VIEWS. ALTHOUGH CHINA AND THE U.S. SOMETIMES LOOK AT PROBLEMS DIFFERENTLY, THIS TYPE OF EXCHANGE IS BENEFICIAL TO THE IMPROVEMENT OF BILATERAL RELATIONS. XU SAID THAT THE AIM OF HIS VISIT IS TO PROMOTE UNDERSTANDING, AND HIS INSTRUCTIONS FROM LIU HUAQING WAS THAT HE MUST BE VERY FRIENDLY ON THIS VISIT.

6. (S) SECDEF TOLD GENERAL XU THAT SINCE CHINA IS A GREAT POWER, WITH THE WORLD'S THIRD LARGEST AND THE FASTEST GROWING ECONOMY, A LARGE AND EFFECTIVE MILITARY, AND WHO CAN PLAY A KEY SECURITY ROLE IN THE WORLD, THE U.S. AND CHINA NEED TO ACT IN CONJUNCTION. COOPERATION IN INTERNATIONAL ISSUES WORK BEST IF OUR TWO DEFENSE ESTABLISHMENTS CAN WORK CLOSELY TOGETHER. FOR EXAMPLE, WE HAVE HAD A MAJOR SECURITY PROBLEM IN NORTH KOREA, AND ALTHOUGH WE ARE MAKING PROGRESS, MUCH WORK REMAINS TO BE DONE. CHINA AND THE

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U.S. HAVE SIMILAR STRATEGIC OBJECTIVES IN ACHIEVING PEACE AND STABILITY IN A NUCLEAR-FREE KOREAN PENINSULA, AND HE WOULD LIKE TO DISCUSS IN MORE DETAIL IN OCTOBER IN BEIJING HOW THE TWO COUNTRIES CAN COOPERATE TO ACCOMPLISH THIS COMMON OBJECTIVE.

7. (S) GENERAL XU AGREED THAT IN INTERNATIONAL AFFAIRS, CHINA AND THE U.S. PLAY IMPORTANT ROLES. IN MANY PROBLEMS, THE TWO COUNTRIES SHARE SIMILAR VIEWS. THERE IS NO CONFLICT OF FUNDAMENTAL INTEREST, AND IT IS ACTUALLY IN THE WHOLE WORLD'S INTEREST FOR THE TWO COUNTRIES TO WORK TOGETHER. THIS IS ESPECIALLY TRUE IN THE KOREAN PENINSULA. CHINA IS CONCENTRATING ON ECONOMIC DEVELOPMENT, SO IT MUST HAVE A PEACEFUL ENVIRONMENT, ESPECIALLY ON ITS BORDERS. THIS IS WHY MAINTAINING PEACE AND STABILITY ON THE KOREAN PENINSULA IS OF TOP--FIRST AND FOREMOST--PRIORITY FOR CHINA. GENERAL XU AGREED THAT THERE MUST BE FURTHER EXCHANGES ON THIS SUBJECT.

8. (S) DR. PERRY THEN TURNED TO THE BILATERAL MILITARY RELATIONSHIP. HE TOLD XU THAT THE U.S. WOULD LIKE TO SEND CHIEF OF STAFF OF THE AIR FORCE GENERAL MCPEAK TO CHINA IN SEPTEMBER.

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GENERAL MCPEAK HAS MANY FRIENDS IN THE PLA, AND HIS VISIT WOULD FURTHER PROMOTE MUTUAL UNDERSTANDING AND TRUST.

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9. (S) DR. PERRY RETURNED TO WHAT HE WANTED TO ACCOMPLISH IN HIS OCTOBER TRIP. HE TOLD XU THAT HE WILL BRIEF THE PLA ON THE U.S. STRATEGY AND PLANS FOR THE YEARS AHEAD, AND HE WOULD LIKE TO HEAR IN BEIJING ABOUT PLA STRATEGY AND PLANS. SECDEF URGED THE PLA TO BE MORE OPEN WITH THIS TYPE OF INFORMATION. THIS KIND OF EXCHANGE OF INFORMATION WITH THE PLA AND FACE-TO-FACE CONTACTS OF LEADERS OF BOTH DEFENSE ESTABLISHMENTS CONTRIBUTE TO MUTUAL UNDERSTANDING. GENERAL XU AGREED, AND IN RESPONSE TO THE INITIATIVES PROPOSED BY SECDEF, SAID THAT CHINA WOULD CAREFULLY LOOK AT ALL OF THEM, AND ANY INITIATIVE WHICH COULD IMPROVE THE RELATIONSHIP WOULD BE WELCOMED BY THE PLA.

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10. (S) AT THIS TIME, THE MEETING ADJOURNED, WITH THE GROUP MOVING TO THE DINING ROOM NEXT DOOR.

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13. (U) THE LUNCH CONVERSATION CENTERED ON THE EFFORTS OF BOTH MILITARIES TO DOWNSIZE IN AN ERA OF REDUCED DEFENSE BUDGETS. SECRETARY PERRY BRIEFED XU ON HOW DOD IS WRESTLING WITH DIFFERENT MISSIONS WHILE TRYING TO MAINTAIN FORCE READINESS WITH A REDUCED BUDGET. HE ASKED XU HOW CHINA IS DEALING WITH THE TRADE-OFF BETWEEN EQUIPMENT AND MANPOWER AND WHAT THE DEFENSE BUDGET IN CHINA INCLUDES. SECDEF TOLD XU THAT THE U.S. HAS DECIDED THAT THERE MUST BE ADEQUATE TRAINING AND EXERCISES, AND THAT MORE AND MORE COMPUTER SIMULATION EXERCISES ARE TAKING PLACE TO SAVE MONEY.

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16. (U) THE LUNCH ENDED WITH SECDEF ONCE AGAIN EXPRESSING DOD'S WELCOME FOR XU, AND XU EMPHASIZING HOW HE KNOWS THIS TRIP TO THE U.S. IS GOING TO BE SUCCESSFUL BASED ON WHAT HAS HAPPENED SO FAR, AND HE THANKED SECDEF AGAIN FOR TAKING TIME FROM HIS BUSY SCHEDULE TO HOST HIM.

DECLAS OADR.

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